

Message Text

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PAGE 01 STATE 076555
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INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00
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TO AMEMBASSY LONDON PRIORITY
AMEMBASSY LA PAZ PRIORITY
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PAGE 02 STATE 076555

TAGS: EMIN, ITC

SUBJECT: TIN: ITC FIFTH SESSION

REF: (A) LONDON 5165; (B) STATE 059649

SUMMARY: THE FIFTH SESSION OF THE ITC HELD IN LONDON MARCH 29 AND 30 WAS HIGHLIGHTED BY THE LONG-AWAITED BOLIVIAN ANNOUNCEMENT THAT IT HAD DECIDED TO RATIFY THE FIFTH ITA; BY ZAIRE'S RATIFICATION OF THE FIFTH ITA; AND BY THE COUNCIL'S DECISION TO ESTABLISH AN ECONOMIC AND PRICE REVIEW PANEL TO IMPROVE THE COUNCIL'S PROCEDURES FOR SETTING BUFFER STOCK FLOOR AND CEILING PRICES.

IN PREPARATION FOR THE FIFTH SESSION, BOTH PRODUCERS AND CONSUMERS MET SEPARATELY ON MONDAY, MARCH 28 TO OUTLINE THEIR TACTICS FOR THE TUESDAY COUNCIL MEETING. CONSUMERS GENERALLY ACCEPTED THE NEW PROCEDURES EMBODIED BY THE PROPOSED ECONOMIC AND PRICE REVIEW PANEL AND DECIDED TO PROCEED DIRECTLY TO THE NEGOTIATION OF A PROTOCOL TO EXTEND THE FIFTH ITA IF BOLIVIA WERE TO REFUSE TO COMMIT TO JOINING THE AGREEMENT AT THE FIFTH SESSION. ON THE PRODUCER SIDE, THERE WAS UNANIMOUS SUPPORT FOR THE

PROPOSED NEW PROCEDURES AND AN EXTENSIVE DISCUSSION BETWEEN BOLIVIA AND THE OTHER PRODUCERS WHEREIN BOLIVIA WAS ADVISED THAT OTHER PRODUCERS WOULD SUPPORT AN EXTENSION PROTOCOL IF BOLIVIA REFUSED TO COMMIT AT THE FIFTH SESSION.

AGAINST THIS BACKDROP, THE PLENARY SESSION OF THE FIFTH SESSION PROCEEDED VERY SMOOTHLY. AT THE START OF THE SESSION, BOLIVIAN QUICKLY ANNOUNCED THAT IT HAD DECIDED TO ACCEPT THE AGREEMENT AND WOULD PROCEED TO SUBMIT ITS INSTRUMENT OF ACCEPTANCE AS SOON AS THE COUNCIL WOULD LIMITED OFFICIAL USE

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PAGE 03 STATE 076555

APPROVE THE ESTABLISHMENT OF THE ECONOMIC AND PRICE REVIEW PANEL. ZAIRE FOLLOWED THE BOLIVIAN LEAD BY SUBMITTING ITS DOCUMENT OF RATIFICATION DIRECTLY TO COUNCIL.

FOLLOWING THE BOLIVIA STATEMENT THE COUNCIL CONSIDERED THE REPORT OF THE REVIEW WORKING PARTY WHICH MET IN EARLY MARCH TO PREPARE GUIDELINES FOR NEW PROCEDURES FOR THE COUNCIL'S REVIEW OF FLOOR AND CEILING PRICES AND THE TERMS OF REFERENCE FOR A NEW ECONOMIC AND PRICE REVIEW PANEL (REF B) WHICH WOULD BE RESPONSIBLE FOR IMPLEMENTING THE NEW PROCEDURES. AFTER SUBSTANTIAL DEBATE, THE COUNCIL APPROVED THE GUIDELINES AND TERMS WITH ONLY MINOR CHANGES. BELGIUM, THE FRG, USSR AND THE US WERE SELECTED TO REPRESENT CONSUMERS IN THE PANEL, BOLIVIA, AUSTRALIA, THAILAND AND INDONESIA WERE SELECTED TO REPRESENT PRODUCERS.

IN SUBSEQUENT SESSIONS, THE COUNCIL APPROVED NEXT YEARS BUDGET AND IN THE COURSE OF DISCUSSION IT WAS AGREED THAT

THE SECRETARIAT AND THE ECONOMIC AND PRICE REVIEW PANEL SHOULD HAVE FUNDING AUTHORITY FOR THE HIRING OF CONSULTANTS AND FOR CONTRACTING MARKET RESEARCH. ALSO DISCUSSED WAS THE POSSIBILITY OF CANCELLING THE VACANT SECOND DEPUTY BUFFER MANAGER POSITION IN FAVOR OF HIRING A FULL-TIME ECONOMIST. THIS WAS SUPPORTED BY MOST CONSUMERS AND SOME PRODUCERS, BUT IT WAS AGREED TO DEFER A DECISION UNTIL THE NEXT MEETING OF THE COUNCIL. IN OTHER COUNCIL ACTION THE NETHERLANDS REPRESENTATIVE (DE BLOEME) WAS ELECTED AS THE COUNCIL'S FIRST VICE-CHAIRMAN REPRESENTING CONSUMERS, AND FATAH OF MALAYSIA WAS ELECTED SECOND VICE CHAIRMAN REPRESENTING PRODUCERS.

FOLLOWING THE COUNCIL MEETING, THE ECONOMIC AND PRICE REVIEW PANEL (EPRP) MET TO ORGANIZE ITSELF FOR THE UPCOMING REVIEW PREPARATORY TO THE JULY COUNCIL MEETING.

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PAGE 04 STATE 076555

IT WAS AGREED THERE AND IN SUBSEQUENT MEETINGS OF THE COMMITTEES ON COSTS AND PRICES (CAP) AND THE COMMITTEE ON DEVELOPMENT (COD) THAT THE VARIOUS COMMITTEES WOULD COMPLETE THEIR REPORTS BY MAY 22 SO THAT THE EPRP COULD MAKE ITS REPORT RELATIVE TO ADJUSTMENT OF FLOOR AND CEILING PRICES WELL IN ADVANCE OF THE JULY COUNCIL MEETING. FOR THE JUNE EPRP MEETING, THE CAP WILL PREPARE ITS SEMI-ANNUAL REPORT ON TIN PRODUCTION COSTS AND THE COD WILL PREPARE REPORTS ON NEW INVESTMENT IN THE TIN INDUSTRY, RECYCLING AND THE POSSIBILITY OF SUBSTITUTION HIGH TIN PRICES.

COMMENT: UNLIKE PREVIOUS TIN COUNCIL MEETINGS, THE FIFTH SESSION ACCOMPLISHED ITS WORK QUICKLY AND WITHOUT ACRIMONY. WHILE STILL HOLDING RESERVATIONS ABOUT THE AGREEMENT (E.G., VOTING, CONSUMER CONTRIBUTIONS), BOLIVIA STRONGLY ENDORSED THE NEW PROCEDURES, UNDOUBTEDLY BECAUSE THE BOLIVIANS (AND OTHER PRODUCERS) ANTICIPATE A SUBSTANTIAL INCREASE IN FLOOR AND CEILING PRICES IN JULY. WHETHER THIS WILL PROVE TRUE, DEPENDS, IN LARGE PART, ON WHETHER THE PRODUCERS CAN SUBSTANTIATE HIGHER PRODUCTION COSTS, AND ON CURRENT MARKET PRICES WHEN THE COUNCIL MEETS.

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